Date: March, 2004

Guidelines for Estimating

Beef Grassing Costs

Based on 500 Head

The following budget is an estimate of the costs of production associated with pasturing 500 feeder cattle. The purpose of this budget is to assist Manitoba livestock producers in calculating their own costs and take into consideration the factors that should be included when budgeting to determine break-even prices.

Manitoba has an abundance of suitable land for pasturing cattle (ie. PFRA Community pastures, Agricultural Crown Lands, private pastures, etc.). Because of this abundance the cost of raising cattle on pasture in Manitoba is very competitive when compared to other provinces. In this budget it is assumed that feeders are purchased in the spring, put in a feedlot for 60 days prior to going out on pasture for an additional 115 days.

The assumptions on which costs are calculated are clearly defined in the supporting pages. When interpreting these costs for an individual situation, adjustments may be required. Each assumption must be examined and adjustments made, where necessary, to apply to the farmer's own situation.

Disclaimer: This budget is only a guide and is not intended as an in depth study of the cost of production of this industry. Interpretation and utilization of this information is the responsibility of the user.

Beef Grassing Cost Summary - March, 2004

	Cost/head	Cost/CWT	Your Cost
A. Operating Costs			
1. Feed Costs:			
1.01 Ground Barley	$9.75	$1.15	
1.02 Hay	$29.40	$3.48	
1.03 Salt, Vitamins & Minerals	$2.10	$0.25	
Total Feed Costs	**$41.25**	**$4.88**	
2. Other Operating Costs:			
2.01 Feeder Cost	$588.51	$69.56	
2.02 Yardage	$15.00	$1.77	
2.03 Rented Pasture	$0.00	$0.00	
2.04 Veterinary Medicine & Supplies	$10.20	$1.21	
2.05 Insurance	$3.47	$0.41	
2.06 Selling Cost	$31.00	$3.66	
2.07 Death Loss	$9.35	$1.11	
Subtotal Operating Costs	$698.78	$82.60	
2.08 Operating Interest	$16.97	$2.01	
Total Operating Costs	**$715.75**	**$84.61**	
B. Fixed Costs			
3.01 Own Pasture Costs	**$49.38**	**$5.84**	
Total Operating & Fixed Costs	**$765.13**	**$90.44**	
C. Labour	**$1.96**	**$0.23**	
Total Costs Of Production	**$767.09**	**$90.67**	

Cost per lb of gain sold		**$/lb**		
Operating costs		$715.75	operating	
	-	$588.51	feeder cost	
	÷	296	weight gain	
	=	$0.43	**/lb gain sold**	
Total Costs		$767.09	total costs	
	-	$588.51	feeder cost	
	÷	296	weight gain	
	=	$0.60	**/lb gain sold**	

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Beef Grasser Cattle Production Costs

ASSUMPTIONS:

1. This Budget outlines the cost of production for raising cattle on grass before finishing.
2. All feed is purchased.

HERD PROFILE

Number of Feeders Purchased	**500** head
Feeder Cattle Mortality Rate (%)	**1.5** %
Feeder Purchased Shrunk Weight (lbs)	**550** lbs
Feeder Cattle Price ($/cwt)	**$105.00** $/cwt
Finish Weight (lbs)	**900** lbs
Percent Shrink (%) - out	**6.0%** %
Shrunk Weight (lbs)	**846** lbs
Average Daily Gain Gross (lbs/day)	**2.00** lbs/day
Average Daily Gain Net (lbs/day)	**1.69** lbs/day
Total Days Fed	**175** days
Days on Feed in Feedlot	**60** days
Days on Pasture	**115** days

(1) FOOTNOTE: 1 kilogram (kg) = 2.2046 pounds (lbs)

FEED COSTS	Cost	Amount
Ground Barley ($/bu)	**$2.60**	**3.00** lbs/day
Hay ($/ton)	**$70.00**	**14.00** lbs/day
Salt, Vit.etc.($/lb)	**$0.30**	**7.00** lbs/YEAR

Assumptions

1. Gross Average daily gain (ADG) was assumed at 2 lbs/day. Net ADG was 1.69 lbs/day.

2. It was assumed that the feeder steer weighed in at 550 lbs. and was raised to 900 lbs. (846 lbs. after 6% shrink).

3. Cattle were on feed for 175 days; the first 60 days in a feedlot and the remaining 115 days on pasture.

4. Assumed 500 head of cattle on feed and pasture.

Beef Grasser Production Cost Worksheet

A. OPERATING COSTS

				Your Cost
1. Feed Costs:				
1.01 Ground Barley				
		60	days on ground barley	_____
	x	3.00	lbs/feeder/day	_____
	=	3.75	bushels fed	_____
	x	$2.60	/bu	_____
	=	**$9.75**	**/feeder**	_____
1.02 Hay				
		60	days on hay	_____
	x	14.00	lbs/feeder/day	_____
	=	0.42	tons fed	_____
	x	$70.00	/ton	_____
	=	**$29.40**	**/feeder**	_____
1.03 Salt, Vitamins & Minerals				
		7.00	lbs/feeder/year	_____
	x	$0.30	/lb	_____
	=	**$2.10**	**/feeder**	_____

				Your Cost
2. Other Operating Costs:				
2.01 Feeder Cattle Cost				
Commission		$0.75	$/cwt	
	x	550	lbs/feeder	
	÷	100	lbs/cwt	
	=	$4.13	/feeder	
Trucking-in		$1.25	$/cwt	
	x	550	lbs/feeder	
	÷	100	lbs/cwt	
	=	$6.88	/feeder	
Feeder		550	lbs/feeder	
	x	$105.00	$/cwt	
	÷	100	lbs/cwt	
	=	$577.50	/feeder	
Total Cost		**$588.51**	**/feeder**	
2.02 Yardage (includes straw, repairs, maintenance, utilities & supplies)				
		$0.25	cost/head/day	
	x	60	days on feed	
	=	**$15.00**	**/feeder**	
2.03 Rented Pasture				
		$0.00	cost/head/day	
	x	115	days on pasture	
	=	**$0.00**	**/feeder**	
2.04 Veterinary Medicine & Supplies				
		$0.15	/Tagging	
	+	$0.65	/Vitamin	
	+	$3.25	/Parasites	
	+	$0.55	/Blackleg 7 way	
	+	$1.60	/Growth Implant	
	+	$2.50	/Antibiotics	
	+	$1.50	/Vaccine 3 way	
	=	**$10.20**	**/feeder**	

				Your Cost
2.05 Insurance				
		$577.50	investment/head	
	x	$0.60	cost/$100 capital	
	÷	100	/$100	
	=	**$3.47**	**/feeder**	
2.06 Marketing & Transportation				
Trucking				
		900	lbs/feeder	
	÷	100	lbs/cwt	
	x	$1.25	trucking cost/cwt	
	=	$11.25	/feeder	
Selling Commission				
		$17.00	commission	
	+	$0.75	insurance	
	=	$17.75	/feeder	
MCPA Checkoff				
	=	$2.00	/feeder	
Total Costs	=	**$31.00**	**/feeder**	
2.07 Death Loss				
		$588.51	feeder cattle cost	
	+	$658.43	maximum value	
	÷	2.0	average	
	=	$623.47	average value	
	x	1.5	% mortality rate	
	=	**$9.35**	**/feeder**	
2.08 Operating Interest				
		$588.51	feeder cost	
	+	$55.13	½ of feed & other costs	
	x	5.5	% operating interest	
	x	175	days on feed	
	÷	365	365 days	
	=	**$16.97**	**/feeder**	

				Your Cost
B. FIXED COSTS (Pasture)				
Land				
		2.5	acres/head	
	x	$375.00	$/acre includes fence	
	x	4.0	% investment rate	
	=	$37.50	/feeder	
Taxes				
		2.5	acres/head	
	x	$4.75	$/acre	
	=	$11.88	/feeder	
Total	**=**	**$49.38**	**/feeder**	
5. Labour				
Feedlot		1.00	hours/day feedlot	
	x	60	days in feedlot	
	÷	500	head	
	x	$10.00	$/hour	
	=	$1.20	/feeder	
Pasture		0.33	hours/day pasture	
	x	115	days on pasture	
	÷	500	head	
	x	$10.00	$/hour	
	=	$0.76	/feeder	
Total	**=**	**$1.96**	**/feeder**	

For more information see your local Manitoba Agriculture, Food and Rural Initiatives office.

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